

GOVERNOR'S BRIEFING

April 27, 1954, 1:30 P. M.

*Part in an envelope*

I. Soviet Union

(a) Comparison with year ago just following Stalin's death -- these outward changes:

(1) Committee form of regime rather than one man dictatorship with Malenkov, Khrushchev representing Party and hence most powerful.

*Hand of party!*  
*no ref back for orders to Moscow*  
Molotov given relatively free hand foreign

policy; military have increased power;

*Zhukov* 2  
(*Zukhov*, *Kohev*) [MVD decreased power.

Some signs struggle not yet over with K

edging in on Malenkov.]

(2) More attention given people's needs through emphasis consumers goods, agriculture, food supply, etc.

*relax security - keep off guard*

(3) More fraternization and initially more

suavity in diplomacy but <sup>contact w Sov NA - visit Mosc - USA '36</sup> signs of "tough" <sup>no ans</sup> policy now appearing. (Australia)

(4) No evidence basic change foreign policy

aims -- merely strategic moves.

*neutralists  
collaborate but subversive*

(b) Incidents in past year and significance.

(1) Berlin riots June 17 -- show satellites not

happy and that soft policy there is dangerous.

*if record -*  
(2) Beria purge and reasons.

*Beria more first - Rast story*

*civilian MVD - Army strong & rid of pol com*

(3) Korean Armistice followed by practical

incorporation North Korea; also evidence

Moscow desire keep China out of over

expansionist adventure & substitute policy

of conquest by partition.

(4) Atomic tests, August, September.

*Stally unyielding*  
(5) Berlin conference showing no compromise

East Germany, Austria. And willingness

jettison propaganda objectives if in conflict

with cold-blooded power policy aims.

*press anti-proba  
Sovs*

(6) Break with Australia -- attempt stop

Westward stream defectors

*Example of Aust to other  
Small States -*

(c) Soviet power position

(1) Fundamentally unchanged by Stalin's death.

(2) No evidence relaxing military preparation

but diversion some manpower, materiel,

to agriculture and production consumers

goods.

*Stab very ind !!*

1954 Soviet Budget shows decrease Military

expense from 110 to 100 Billion rubles -

but National Economy up from 192 to 216 &

this includes AE.

- (3) Stopping certain massive costly projects, reforestation, canals, irrigation, and some slowing down expansion heavy industry base in favor of more consumers goods.
- (4) Using gold (over ~~200,000,000~~ in recent months) for imports and as Trade bait to wavering Western powers, and to make good on promises to own consumers.
- (5) Stabilization industry base may mean new look in Soviet military preparations somewhat comparable here. No evidence any reduction whatever in:
  - (a) Development of nuclear capabilities.
  - (b) Program production long range bombers.
  - (c) Submarines and, we believe, guided missiles.

(6) Sov atomic program -- August, ~~September~~  
test series. Include various types of  
weapons from small to those with  
thermonuclear reaction up to and probably  
exceeding megaton. Must credit Soviet  
with considerable stockpile of deliverable  
weapons today. (Scientifically should assume  
they can do what we can -- As many science  
graduates as we.)

(7) Long range aircraft.

Over a thousand TU-4's (B-29 type) capable  
one way missions reaching any point USA;  
also if refueling techniques used.

Large long-range jet bombers (somewhere  
between our B-47, B-52), believed in advance  
stage of development. Soviet on threshold  
having inter-continental bomber.

(8) Other aircraft -- 10,000 jet fighters

3,000 Turbo jet light

bombers

And some 5,000 miscellaneous types including  
trainers.

(9) Navy -- 360 subs and fleet of modern heavy  
cruisers. (No modern battleship -- no  
aircraft carriers.)

(10) Continue maintain large ground forces roughly  
4,000,000 which include occupation army of  
400,000 in East Germany, and 150,000 in  
other satellites.

(11) No substantial decline in industry output but  
as mentioned, signs of leveling off.

*Insert* →

1953 -- 52,000,000 metric tons crude  
petroleum (up 8,000,000 from 1952).

*Export of oil  
declined*

38,000,000 metric tons raw steel (up  
4,000,000 from '52).

## II. Far East

(a) Experiencing consequences Communist takeover of China. Revolutionary governments generally expansionist.

(b) Communist China has developed strongest centralized government China in centuries.

War Lord system curbed. Don't say people happy but no real organized armed resistance -- even guerrilla -- on mainland. Always had banditry, some remains and Moslem populations in interior not wholly controlled. Continuing food problem.

(c) Communist China blocked to north and northwest by Soviet and south and southwestward by mountain chain, hence natural expansionist area Southeast Asia, Indo-China, Thailand, Burma -- road to rice & minerals (Indonesia, Malaya) they need.

(d) Here Communists using burning nationalist issue  
(except Thailand) and revolt against Colonialism.

Failures build strong indigenous anticommie  
defensive forces tend leave vacuum.

(e) Deteriorating situation Indo-China has taken no

one by surprise in Washington but has found

Asiatic governments in area, except Thailand

and the Philippines, apathetic, and England

and France reluctant develop adequate long-range

plans. Here a year of great decisions impends.

*forces of occupation*

*need new spirit - Delta exposed - need pull it together  
w inspiration*

### III. Middle East

(a) India -- Though Nehru far from helpful in

international sphere, has been vigorous and even

brutal in suppressing communism at home.

Motivated by pathological fear of war interrupting

his work of rebuilding India.



(b) Improvement in Iran but Arab-Israeli tensions extremely serious and border incidents might lead to hostilities.

(c) Suez Canal issue close to settlement but governmental changes and British political difficulties have stood in the way of final step.

#### IV. Europe

Weak points France and Italy where Parliamentary government paralyzed and Communists strong both in labor unions and Parliament. Neutralism & subject to atomic blackmail the more subtle the more dangerous.

*What would we do if we had 150 G's  
Rolling T  
Blocking legis*

#### V. South America -- Guatemala

## VI. Conclusions

Soviet will continue and intensify Cold War techniques -- particularly in Southeast Asia and other soft spots -- France, Italy, Middle East. Will use satellites and front organizations (Peace congresses, youth organizations, WFTU, etc.) avoiding wherever possible direct Moscow involvement.

Will avoid pushing to the point of war unless feel threatened by direct attack or loss of vital position.

Will keep close control satellites and work closely with Communist China but will try restrain latter from acts which might lead Soviet to general war. Probably feel can go far in Indo-China and Southeast Asia without involving this risk. Soviet continue attempt get large dividends without great cost. Using white chips while trying get us to use our blues. Develop policy of "partition" (Korea, Germany, maybe Indo-China) as basis for effective interim neutralization and eventual

Malenkov & Khrushchev Speeches

Supreme Soviet of the USSR - 26 April 54

Both stress rapid growth of Soviet economy  
in <sup>capital</sup> investment and in social & cultural  
improvement for Soviet peoples

Growth contingent upon increase in labor  
productivity by

- increased use of new techniques & machinery
- (Malenkov) application of atomic energy for industrial purposes
- reduction in number of workers in administrative jobs - increase of labor in material production
- decentralization of planning functions
- re-division of certain economic ministries
- (Khrushchev) elimination of bureaucratic red tape, excessive correspondence reports, padding of staffs

"it is essential to reduce correspondence & inflated reporting, eliminate mercilessly bureaucracy & state machinery &

smaller number of people"

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we are still spending too much on  
inflated staff in various departments.  
Is it not obvious such a disgusting  
state of affairs ought to end?

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